

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (05/26)**

**BUTTER:** Grade AA closed at \$1.1775. The weekly average for Grade AA is \$1.1745 (-.0005).

**CHEESE:** Barrels closed at \$1.1900 and blocks at \$1.2250. The weekly average for barrels is \$1.1900 (+.0040) and blocks, \$1.2150 (+.0240).

**BUTTER:** The CME cash butter price continues to trade within a narrow range of the weekly close. Some producers and handlers feel that the price will hold while others anticipate a lower price. Cream offerings from both local and out of area sources remain plentiful. Churning activity is seasonally strong. Most butter producers anticipate that additional cream offerings will be available during the upcoming holiday weekend. In most instances, butter producers will be hesitant to take on additional volumes unless favorably priced. Current production continues to surpass demand, thus inventories are building. CME stocks grew by 5.1 million pounds last week to stand at 148.8 million pounds, 47% higher than last year at this time. Retail butter sales range from slow to fair, spurred by scattered feature activity. Food service orders are fairly active as the Memorial Day holiday nears and summer vacations resumes.

**CHEESE:** The cheese market is firm, though many still question the need for recent price increases. Tight barrel supplies coupled with summer grilling/travel season and process promotions seem to be the catalyst behind recent price increases. Other traders keep trying to get/keep a "normal" barrel/block spread. Cheese demand continues to be stimulated by feature activity on various items from process to natural and shreds. Buyers are generally able to acquire a few loads of commodity cheddar/natural American, but large lots don't seem to be immediately available. Continued pizza promotions are keeping mozzarella supplies from rapidly accumulating. Cheese production is at or very near annual peak levels.

**FLUID MILK:** The upcoming holiday weekend is expected to cause only minimal problems in handling milk supplies across most of the country. Recent seasonal declines in milk production in major producing states have alleviated a potentially major handling problem. Weather conditions have impacted milk output in the Southwest. Temperatures are hotter and rains have fallen in recent weeks. The rains in California have impacted the second cutting. Much of the first cutting in the state was impacted by moisture and there are limited amounts of dairy quality hay available. Current milk output in California is trending lower from recent levels. The peak has likely been seen, but milk could rebound when fresh cows come in over the next few weeks. New Mexico has seen total milk intake ease as hot temperatures reached over the dairy locations. Milk is still higher than last year as more cows are on farms. At the farm level, the milk situation in the Northwest is still increasing towards the peak. The Upper Midwest is seeing milk offered from other regions at discounted levels and plant capacity is being tested. There is debate as to whether milk volumes have peaked or have room to move higher. In the more southern states, milk is being impacted by hotter temperatures. Processors in the East are concerned about handling all the milk supplies over the holiday weekend. Balancing plants are scheduled to be full and expect to remain that way well into next week. Milk output is holding steady at or near the seasonal high levels. Fluid milk needs are lower in the Southeast and Florida and more surplus milk is being diverted to processing plants.

**DRY PRODUCTS:** The nonfat dry milk market trend remains weak with continued weekly sales to the price support program at the support price of 80 cents. Other prices in the trade have moved towards that level. Production is active in most regions with extra milk and condensed solids available. Dry buttermilk prices are lower in the West, steady in other regions. Demand remains slow. Production remains active and is matching butter churning. Discounting has occurred to export dry buttermilk. The dry whey market is steady to weaker. Trade sentiment concerning market conditions is often corollary to the amount of stocks. Those with stocks committed see the market as better than others who have stocks. The whey protein concentrate market is steady to weaker. Prices continue to be discounted to move product. Production is active seasonally at near capacity levels. Lactose prices are firm and spot loads are trading at premiums. Supplies are anticipated to be short of trade needs in the third quarter and offering prices are at higher levels.

**CCC:** During the week of May 22 - 26, the CCC purchased 8,915,290 net pounds of NDM. A total of 8,697,035 pounds were offered from the West and 218,255 pounds from the East.

**COLD STORAGE (NASS):** On April 30, U.S. cold storage holdings of butter totaled 197.4 million pounds, 15.9% more than a month ago and 20.0% higher than last year. Natural American cheese holdings total 571.5 million pounds, 1.3% more than a month ago and 3.2% higher than a year ago. Total cheese stocks were 814.9 million pounds, 2.0% higher than March and 4.4% above April 2005.

**DAIRY OUTLOOK (ERS):** USDA forecasts 2007 milk production at 183.1 billion pounds, up from 182 billion pounds projected for 2006. Production in 2006 is expected to be 2.8% higher than 2005's outturn. Production will rise because both cow population and output per animal are expected to continue to rise in both 2006 and 2007. A decline in cow numbers is not expected until the second half of 2007 and then the decline will be a scant 0.3%. Quarterly milk output per cow is expected to continue a modest upward movement based on quarter-to-quarter comparisons. The decline in the all milk price that began in early 2005 will continue this year. The all milk price is expected to average between \$12.35 and \$12.85 for 2006, down from \$15.14 in 2005. Prices for cheese, butter and NDM are also expected to decline in 2006. Prices for Class IV milk will mirror the expected decline in butter and NDM prices. Class IV prices will likely average between \$10.45 and \$11.05 in 2006 compared with an average of \$12.87 in 2005. Although offset by slightly higher whey prices, lower cheese prices are expected to result in the Class III price averaging \$11.25 - \$11.75 compared with \$14.05 in 2005.

**COOPERATIVE CLASS I PRICES (AMS):** For June 2006, the all-city average announced cooperative Class I price was \$15.18, \$1.90 higher than the Federal milk order (FMO) Class I price average for these cities, a new record high difference. The June cooperative Class I price was \$.18 lower than the May price, while the Federal order Class I price was \$.22 lower. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.64 in Miami, FL. For June 2005, the all-city average announced cooperative Class I price was \$17.70, \$1.55 higher than the Federal order Class I price average for these cities.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)

CME DAIRY FUTURES (PAGE 9)

APRIL COLD STORAGE (PAGES 10-11)

DAIRY OUTLOOK (PAGE 12)

JUNE FEDERAL ORDER ADVANCE PRICES (PAGE 13)

ANNOUNCED COOPERATIVE CLASS I PRICES (PAGE 14)

DAIRY GRAPHS (PAGES 15-16)

**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

PRODUCT	MONDAY MAY 22	TUESDAY MAY 23	WEDNESDAY MAY 24	THURSDAY MAY 25	FRIDAY MAY 26	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1900 (N.C.)	\$1.1900 (N.C.)	\$1.1900 (N.C.)	\$1.1900 (N.C.)	\$1.1900 (N.C.)	(N.C.)	\$1.1900 (+.0040)
40# BLOCKS	\$1.2000 (N.C.)	\$1.2000 (N.C.)	\$1.2250 (+.0250)	\$1.2250 (N.C.)	\$1.2250 (N.C.)	(+.0250)	\$1.2150 (+.0240)
BUTTER							
GRADE AA	\$1.1725 (-.0050)	\$1.1725 (N.C.)	\$1.1725 (N.C.)	\$1.1775 (+.0050)	\$1.1775 (N.C.)	(N.C.)	\$1.1745 (-.0005)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USA.GOV/MARKETNEWS.HTM **NOTE: CME NDM on Page 2. NOTE: CME is closed for the holiday 5/29/06.**

## CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 22, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 1 CAR GRADE AA @ \$1.1725; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1700, 1 @ \$1.1650; OFFERS UNCOVERED: NONE

TUESDAY, MAY 23, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.1700, 2 @ \$1.1675; OFFERS UNCOVERED: NONE

WEDNESDAY, MAY 24, 2006

CHEESE — SALES: 4 CARS 40# BLOCKS: 3 @ \$1.2200, 1 @ \$1.2225; BIDS UNFILLED: 2 CARS BARRELS @ \$1.1200; 3 CARS 40# BLOCKS @ \$1.2250; OFFERS UNCOVERED: NONE

BUTTER — SALES: 4 CARS GRADE AA: 2 @ \$1.1725, 1 @ \$1.1700, 1 @ \$1.1725; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.1725, 1 @ \$1.1700, 1 @ \$1.1675; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1775

THURSDAY, MAY 25, 2006

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.2250; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.1750, 1 @ \$1.1775; BIDS UNFILLED: 3 CARS GRADE AA: 2 @ \$1.1725, 1 @ \$1.1700; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1800

FRIDAY, MAY 26, 2006

CHEESE — SALES: 2 CARS BARRELS @ \$1.1900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2400

BUTTER — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1700; OFFERS UNCOVERED: NONE

**CME CASH NONFAT DRY MILK:** Extra Grade closed the week at \$0.8900 and Grade A at \$0.8875. (The last price change for Extra Grade was January 24 and Grade A, February 1.) The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A is \$0.8875 (N.C.).

## BUTTER MARKETS

## APRIL COLD STORAGE

According to NASS, April month-ending cold storage figures for butter total 197.4 million pounds, 20.0% more than last April and 16.0% more than March 2006.

## NORTHEAST

The butter market is unchanged. At the CME, the butter prices have dipped since last Monday's (5/15) fractional gain. Some contacts have wondered how the price has held at current levels when one looks at production levels, inventory levels, and overall demand. Buyers appear to be under no real pressure to purchase beyond immediate needs. Churning activity in the East is steady at moderate to heavy levels. Bulk butter demand remains slow and producer stocks are increasing. Retail and food service sales are generally steady. Some increased orders from outlets along the Eastern Shore are noted as they prepare for the Memorial Day weekend. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

## CENTRAL

The cash butter price continues to adjust slightly within a narrow range of the current midweek price \$1.1725. Most butter producers and handlers are pleased that the price is basically holding steady. For the most part, this stability provides a consistent basis to purchase cream and value their inventory against cost. Churning activity in the Central part of the country is seasonally active. Cream offerings from both local and out of area sources remain plentiful to most butter producers. Some remain hesitant to take full advantage of additional cream offerings. Most feel that cream will become more available during the upcoming holiday weekend. Producers are already indicating that some cream traders are

seeking homes for additional cream volumes during the holiday weekend. Butter demand for both retail and food service is fair. Fairly favorable prices at retail are clearing heavier than anticipated volumes of print butter. Food service and restaurant orders are fair at best this week as most have butter stocks in place for the holiday weekend and the unofficial opening of the summer vacation period. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

## WEST

CME cash butter prices have been in the \$1.17 range since May 1. Prices have moved higher and lower a number of times during this period. Most contacts seem to be satisfied that prices are at this level with the fundamentals noted in the market. Production is very heavy based on milk production being higher and much of the available cream continuing to enter the churns. Retail sales of butter range from fair to slow. Food service orders are improving in those areas that depend on the vacation trade. According to the Cold Storage report, butter stocks at the end of April total 197.4 million pounds. This is an increase of 32.9 million pounds (20%) from last year. During April, stocks increased by 27.2 million pounds or 16%. Typically, stocks increase less than 20 million pounds in April. The five year average figure for the end of April is about 170 million pounds. In the first four months of the year, butter stocks have grown by 139 million pounds compared to the average growth for the last seven years of 102 million pounds. CME weekly butter stocks increased 5.1 million pounds last week to stand at 148.8 million pounds. Last year, this week stocks totaled 101.2 million pounds. In the 21 weeks reported in 2006, stocks have grown by 121.9 million pounds. That is the largest amount of growth for that time period since stocks have been reported in this format. Prices for bulk butter range from 3 cents under to 5 cents under based on the CME with various time frames and averages.

## NASS DAIRY PRODUCT PRICES

## U.S. AVERAGES AND TOTAL POUNDS

WEEKENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
MAY 20	1.1550	1.1512	0.8301	1.1648	0.2813
	10,247,357	9,977,165	26,136,473	3,094,936	12,345,193

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are mostly higher as the market tone firms. At the CME, prices increased steadily during the first two weeks of May. However, trading levels (through 5/22) have been steady since 5/17. Cheese production in the Northeast remains heavy as surplus milk supplies are near peak levels. Many contacts do think milk volumes will increase when schools recess for the summer. Cheese supplies range from fully adequate to light. Demand is slow to fair depending on variety. Retail and food service sales of process cheese are improving along seasonal patterns. Memorial Day weekend marks the unofficial beginning of summer and most Eastern Shore restaurants and fast food outlets anticipate a sharp increase in tourism. Cheese orders from businesses along the Coast are increasing accordingly. Elsewhere, retail sales are just fair, unless featured.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2725-1.7925
Cheddar Single Daisies	:	1.2300-1.7150
Cheddar 40# Block	:	1.3300-1.6025
Process 5# Loaf	:	1.3950-1.6400
Process 5# Sliced	:	1.4150-1.7250
Muenster	:	1.3450-1.5475
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

Through 5/23, the CME cash cheese prices have held at current levels since 5/17. There has been little or no trading activity at the CME in the last four sessions. The market tone is mostly steady, but with more surplus milk expected over the upcoming Memorial Day weekend, most cheese producers will have their plant capacities tested. Barrel supplies are still quite tight, particularly those in fiber containers. Demand for process cheese has been good as retailers and food service accounts order for this weekend and June promotions. Orders for cheddar and other natural items are little changed from past weeks and mostly for fill-in needs.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4575-1.6325
Brick And/Or Muenster 5#	:	1.6200-1.7450
Cheddar 40# Block	:	1.4900-2.2650
Monterey Jack 10#	:	1.6200-2.2650
Blue 5#	:	2.0500-2.3000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3750-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3050-2.8300

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
05/22/06	47,194	:	138,998
05/01/06	41,651	:	134,768
CHANGE	5,543	:	4,230
% CHANGE	+13	:	+3

## WEST

Block cheese prices at the cash CME market had held steady for the last six trading sessions at \$1.20. At mid-week prices increased 2 1/2 cents to stand at \$1.2250. Some sales were made based on bids for cheese. The barrel/block price relationship is back to more normal levels now. Most contacts feel that the barrel/process side of the market started the upward trend because of strong spring sales activity for process cheese. Most believe that the block prices followed suit once barrels had been bid higher. Small lot amounts of the two types of cheese may be available, but multi-load orders are now being booked for the end of June and into July. Buyers believe that some additional cheese will become available because of additional processing over the holiday weekend. Most don't think that will be enough to slow the market much. Some contacts are curious to know at what stage of the market the cheese is ending up. Most believe that it is going to end users for current needs. American cheese stocks at the end of April total 571.5 million pounds according to the Cold Storage report. This total is up 3% or 17.7 million pounds from last year. During April, stocks grew by 7.4 million pounds. This number is slightly behind the average for April for the past few years. The five year average for the end of April is about 526 million pounds. Swiss stocks at the end of April are 32.9 million pounds, up 52% (11.2 million pounds) from one year earlier. Swiss stocks moved ahead of year earlier numbers in December of 2005 and they have continued to grow from there. Swiss production has been ahead of a year earlier since May of 2005.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3375-1.5950
Cheddar 40# Block	:	1.3100-1.6625
Cheddar 10# Cuts	:	1.4900-1.7100
Monterey Jack 10#	:	1.5000-1.6600
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

## FOREIGN TYPE

Prices are unchanged to higher, particularly on domestic styles. The market tone is slipping into typical summer patterns. Supplies are fully adequate to meet the slow to fair demand. U.S.-made styles are readily available as production is moderate to heavy as milk supplies increase. Reports indicate that the cheese market in the EU remains balanced. However, cheese output in Germany and the Netherlands is increasing.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-4.3500	1.5850-3.0750*
Gorgonzola	3.6900-5.9400	2.0950-2.4900*
Parmesan (Italy)	TFEWR	3.0000-3.1050*
Romano (Italy)	2.1000-3.1900	-0-
Provolone (Italy)	3.4400-6.0900	1.5850-1.8225*
Romano (Cows Milk)	-0-	2.7825-4.9250*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	3.1200-4.1500	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	TFEWR	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	27.8000-31.7000	-0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	152	0	90	0	209
SOUTHEAST STATES	0	0	0	0	0	0

April milk production in the 23 major states totaled 14.23 billion pounds, up 3.7% from April 2005. The following are the April - April changes for selected states: Kentucky +3.3%, New York +2.1%, Pennsylvania +2.0%, Virginia +1.3%, Vermont -1.3%, and Florida -2.8%. Some New England contacts comment that their May member milk is likely to be lower than a year ago due to having fewer producers than last year. The Northeast, particularly New England, continues to experience rainy weather and first cutting alfalfa is being delayed. Milk production continues to decline in the southernmost states, but the rate of declines seems to have slowed as temperatures have not increased too much. Milk output in the Middle Atlantic and Northeast is holding at or near the seasonal peak. All schools in Florida and most schools in the other Southeastern states are on summer recess. This is drastically reducing Class I needs and more surplus milk is flooding the system. This is combining with the Memorial Day weekend, typically the heaviest milk-supply weekend of the year. In the Northeast, schools are still in session, but surplus milk volumes are heavy and stretching plant capacities. Contacts throughout the East are concerned about processing all the milk in the coming week. Manufacturing plants in the Southeast are again full and they are expected to remain that way well into June. The condensed skim market is mostly steady with few spot sales reported. Many condensed skim users will be down an extra day this weekend, which forces more skim through area dryers. The fluid cream market is mostly weak. Spot prices are generally steady as the CME average butter prices changed minimally last week and multiples are unchanged. Class II demand is often slower as some ice cream makers will be down an extra day this weekend. This is pushing more cream into Class IV (butter) plants. Butter makers are doing their best to clean up their cream supply and do a little maintenance before the holiday weekend. Cream cheese producers are taking advantage of the extra cream and making some additional spot purchases, particularly if the prices are attractive. Production of bottled cream, aerosol whipped cream, sour cream, and dips are starting to show seasonal improvement, but the long weekend will likely see many down for an extra day.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3983-1.5040
DELIVERED EQUIVALENT: ATLANTA	-	1.3983-1.5158 M 1.4335-1.4923
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.4100-1.4805

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8900-.9800
NORTHEAST - CLASS III - SPOT PRICES	- .8800-.9400

## M I D W E S T

Class I interest is steady to generally lighter as additional schools close for the summer. The upcoming holiday weekend is not a big milk consuming event though generally strong for Class II products. The concern for manufacturers is being able to handle all the milk available from their own producers, and in instances, some spot offerings. Plant capacity is being fully tested at most, if not all, manufacturing facilities. The Memorial Day is traditionally a time when some operations, often bottlers and ice cream operations, close for the holiday. This causes additional fluid and cream volumes to back up to other manufacturers. Reported spot milk prices on a very light test before the holiday weekend range from around -\$1.30 to -\$1.00 or so under class, net seller. Certainly offerings exceed the demand for spot loads. Offered spot prices for the upcoming holiday weekend of -\$2.00 to -\$3.00 under class are reported. Class II interest for holiday items such as dips, whipped and sour cream was good. Ice cream interest for cream remains seasonally active with retail feature activity on different items. Cream supplies are tighter than in recent weeks with churning generally lighter. The question for many in the industry is whether peak annual milk receipts have been reached and started to slip or whether it will take another week or two before dropping. Fat and protein tests are generally lower on incoming supplies. Temperatures have been cool in the upper tier of states along with recent rains. Insect numbers are increasing, reducing cow comfort on the lush

pastures. Temperatures in the 90's in the southern part of the region continue to impact milk production. After recent rains, planting progress was slowed through many areas of the upper tier of states. There is some concern whether the part of the corn crop in the northern states needs to be replanted after recent frost. Top quality alfalfa has been cut where soft field conditions allowed.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 53.50	\$ 59.00- 63.50
REPLACEMENT HEIFER CALVES	\$400.00-650.00	\$500.00-740.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 53.00	\$ 57.50- 70.00

## W E S T

According to last week's *Milk Production* report, cow numbers increased 124,000 head from last year in April for the 23-Surveyed States. Looking at selected Western states and comparing their April count to last year is as follows: Arizona +8,000 head, California +41,000, Idaho +35,000, New Mexico +26,000, Oregon n/c, and Washington -4,000. Production per cow for the Surveyed States increased 2.2% from last year. This is the smallest year-on-year increase since January of 2004. Milk per cow for selected Western states compared to last year is as follows: Arizona +4.1%, California +1.4%, Idaho n/c, New Mexico +5.3%, Oregon -5.0%, and Washington -0.5%. CALIFORNIA milk production has moved lower in several major milk production areas. Processors are expecting few problems handling milk over the upcoming holiday weekend. Bottlers are taking less milk as school needs decline and retail orders are flat. The southern milk shed has experienced hot conditions and rain. The effect on cows has been slight to moderate. Plant intakes are lower and there have been declines in solids. Milk production is steady to lower in the Central Valley as recent hot weather and additional rains are impacting the milk cows. The rains are especially unwelcome for the harvesting of alfalfa. There are widespread cuttings of hay that got rained on. The lack of dairy quality hay is likely impacting current milk production and protein levels in the milk. ARIZONA milk is trending lower as a result of hotter daytime temperatures. Forecasts predict highs above 100 degrees for the next week and for lows to be above 70 degrees. Milk volumes likely have reached the seasonal peak. Few problems are expected handling milk over the holiday weekend and some plants will likely help out processors in nearby states. NEW MEXICO weather conditions have been hot and milk production has declined from recent heavy volumes. Total milk output remains at double digits plus over last year with the inclusion of more cows entering the state. The new crop hay is being fed and is high quality. Plants in the state are running nearly full and expect to get through the holiday weekend with few problems. Fluid milk orders from bottlers are lower. CREAM markets and prices are mostly steady. At midweek, offerings were clearing. The holiday weekend will likely bring additional loads to the market. Churns are expected to be running on extended schedules to process the available cream supplies. Butter prices have been relatively stable at the CME and closed at \$1.1775 on Wednesday, May 24. This was up a 1/4 cent from last week. Shipping cream within and out of the region remains a challenge both in finding tankers and paying higher freight charges. Multiples range from 98 to 118, FOB, and vary depending on class usage and basing points. Conditions are cool and wet in OREGON and WASHINGTON on both the east and west sides of the mountains. This is causing some major problems with the first cutting of hay. The quality looked fantastic, but the rain is catching a good portion of the crop in the windrow. Many dairies are running short of hay and were looking forward to some good quality, early cutting forage to give their herds a production boost. Time will tell how much of an impact the weather will have on the overall hay quality. Some milk is coming into the region looking for a processing home over the holiday weekend. Any new/additional offers will probably not be accepted. Plant schedules are basically full now. Local milk production in the region is strong and probably not yet at the peak. Some rain and cooler temperatures were noted in UTAH and IDAHO early in the week. The conditions probably did not impact the first cutting of hay all that much. Most growers are just starting and should not have been caught by the shower activity. Conditions by the end of this week will be much cooler with highs only in the 50's and the possibility of frost. Manufacturing plants will be running full this weekend with some milk moving around to find a processing home. Heifer prices at two sales in the region last week averaged from \$1820-1960. These prices are off somewhat from sales recorded in April.



**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Prices are unchanged to lower on a steady to weak market. Production is mixed with some plants reporting steady milk flows whereas others note higher seasonal intakes. Some spot interest is noted from domestic cheese and ice cream plants. Some plants also report export movement at prices that tend to vary with quality and location. Some prices ticked slightly lower in response to the lower prices reported by NASS. Condensed skim is available at prices within the range.

**EAST:** Prices on commercial transactions are generally unchanged. However, an early-week offer of Eastern NDM to CCC was reflected in the lower end of the price range. Last week's NASS average NDM price (the basis for most NDM sales) decreased about \$0.0050. Production levels remain heavy in most Eastern drying plants. Surplus milk supplies are growing, a typical pattern for the Memorial Day weekend. Most contacts feel that they will be drying at or near capacity for the next several weeks and Northeastern plant contacts comment that milk receipts will likely stay heavy through June as schools close and Class I milk demand slows. Producer stocks continue to grow. There is some export interest, but domestic demand is lackluster as buyers see little or no reason to purchase too far ahead. Buyers continue to shop for the best deals, which is often in the resale side of the market.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: .8000 - .8800 MOSTLY: .8200 - .8400  
HIGHHEAT: .8700 - .9200

**NONFAT DRY MILK - WEST**

Western low/medium NDM prices are lower on the top of the range and reflect lower program pricing based on declines in pricing indexes. The recent pricing trend has been lower for this report and also for two other pricing indexes that track NDM prices. Trade sentiment is for NDM to continue to be offered to the support program in the near future. Therefore, spot pricing of NDM from producers is expected to trade around the support price of 80 cents. Trade comments are that Mexico could soon open up import certificates and possibly pull more dairy powders from the U.S. There have been reports that milk production is heavier in Mexico and consequently Mexico could have fewer needs for imported dairy powders. Demand in the U.S. is mixed. Cheese makers are taking contracted volumes but are not actively utilizing additional solids in cheese production. Many cheese makers continue to be offered discounted milk and components. Stocks of NDM remain heavy. During the week of May 15 - 19, 5.5 million pounds of NDM were offered by Western producers to the CCC support program. The top end of the high heat NDM range declined slightly. The market tone is generally steady, although pricing levels are weak. Production is light to fair and at expected volumes considering the heavy quantities of milk being processed at drying plants. Inventories are light to moderate and able to cover current trade needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: .7950 - .8350 MOSTLY: .8000 - .8150  
HIGHHEAT: .8300 - .8675

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 19	\$.8108	11,299,114	3,508,305
May 12	\$.8178	9,000,146	3,609,080

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged on a steady to weak market. Trade is generally reported either at the high or low side of the range with limited activity at the average. Some increase in production of dry buttermilk is expected over the holiday weekend. Supplies are not anticipated to be burdensome and prices are not expected to be affected despite the availability of lower cost supplies in the West. Offers of aged or off grade buttermilk are noted into some feed facilities. Demand in general remains very light.

F.O.B. CENTRAL: .6500 - .7900

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices remain mostly steady and the market tone is weak. Northeastern prices are nominal. Churning activity is increasing in most Eastern butter making facilities as more cream is expected to be available during the Holiday weekend. Dryers are near capacity processing skim and most producers are drying buttermilk "as best they can." Producer stocks are growing as sales are not keeping pace with output. Demand for liquid buttermilk is occasionally improved, but there are still heavy volumes to be dried.

F.O.B. NORTHEAST: .6700 - .7000  
DELVD SOUTHEAST: .7000 - .7400

**DRY BUTTERMILK - WEST**

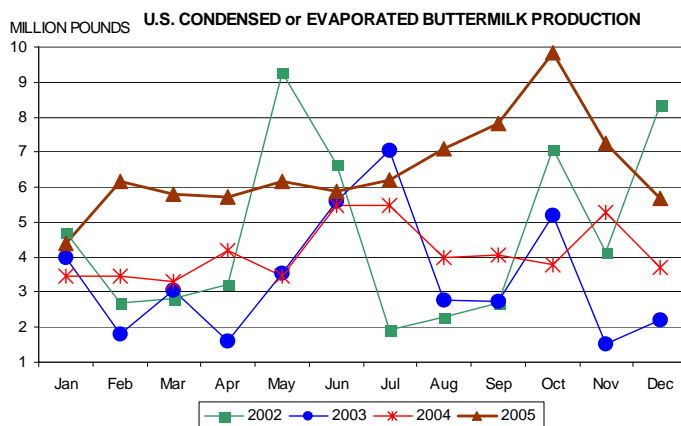
Prices moved lower for dry buttermilk in the West as producers lowered prices and sold product. The move to clear growing inventories was expected. Quantities are being exported at the lower ends of the range and mostly series. Producers who have cleared stocks in recent weeks are trying to reestablish pricing structures. Production remains active to process the seasonally high buttermilk solids coming from butter production. The trade expectations are that butter churning will be higher over the holiday weekend and will begin to taper as milk production and milkfat contents decline seasonally. Overall, dry buttermilk stocks in the region are heavy.

F.O.B. WEST: .6000 - .6600 MOSTLY: .6200 - .6500

**DRY WHOLE MILK - NATIONAL**

Prices are steady and nominal and the market tone is unchanged. Production is light as most plants are very busy making NDM, a typical pattern for this time of year. Plant stocks are closely balanced. This week, there have been no reported exports of dry whole milk via the CWT program.

F.O.B. PRODUCING PLANT: 1.1475 - 1.2000



**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are mostly unchanged on a steady market. Most producers are reporting that their supplies are in balance. Spot load trade to end users is light. List prices are noted at a premium yet trade to brokers is generally reported near the average. Production is steady with supply increases anticipated in response to extra milk volumes during the holiday weekend. Movement on contracts is steady with some buyers adequately able to add on additional loads when needed. Feed whey supplies are limited and prices are nominal. Condensed whey offerings are noted into WPC/lactose facilities, feed plants and custom dryers.

F.O.B. CENTRAL: .2675 - .2925 MOSTLY: .2700 - .2750  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2400 - .2600

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Production is heavy as most cheese makers have ample supplies of milk offered to them. Producer stocks are growing at most locations, but few producers are discounting prices to attract more interest. Contracts make up most of the shipments. There have been more conversations about export interest. Apparently, the high world price for dry whey and weak U.S. dollar are stimulating export demand. Resellers continue to comment about growing stocks and the relative lack of market activity. The market tone is generally weak, but prices are mostly unchanged. The Northeast prices are nominal. Demand is slow to fair.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2725 - .3025  
DELVD SOUTHEAST: .2900 - .3200

**DRY WHEY - WEST**

Prices are mixed for Western whey with prices moving both higher and lower. Operations that are well contracted are in very good shape and are able to get premiums on additional sales. Those that are not in good shape from a contracting point of view have to lower prices to stimulate some buyer interest. Most cheese and whey plants are likely to test their capacity limits over the holiday weekend. Milk output is heavy and loads of milk are moving around the region to find processing capacity. Whey inventories in the West range from extremely light to heavier than desired. New export sales continue to occur.

NONHYGROSCOPIC: .2575 - .3250 MOSTLY: .2800 - .3100

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are steady. Production levels remain heavy. Surplus milk volumes available to producers are seasonally heavy in all areas of the country. The market remains highly competitive. Demand is light. Producer stocks are being replenished, which is typical for this time of year. On May 25, the Kansas City Commodity office announced the purchase of 587,520 pounds of evaporated milk under EVD2-011 at \$.4248-.4487 per pound.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR  
U.S. CITIES \$21.20 - 36.00

Excluding promotional and other sales allowances. Included new price announcements.

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to lower on a steady to weak market. Sales are mixed. Some contractual deals for the remainder of the year are being negotiated and finalized at a discount to the market. Some trades of single spot loads are noted at a premium. Heat treated WPC 34% is in good demand into export markets. Canadian supplies of WPC 34% are reportedly in better balance, resulting in reduced offerings into the US. Feed users that began using grain based protein alternatives when WPC 34% prices were trending higher are reporting that they continue to use these alternatives as prices trend lower in order to keep consistency in their product line. WPC production is generally steady with most plants operating at capacity schedules. As a result, increased milk over the holiday weekend is not anticipated to affect supplies. Off grade supplies of 80% and 34% WPC are available for the light to fair feed interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .5650 - .6150 MOSTLY: .5750 - .5950

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged to higher on a firm market. Producers that are able to gather together an additional load or two are offering at significant premiums to the market. While higher prices tend to dampen some interest, buyers that inadequately contracted supplies are willing to concede to the higher price levels. Supplies are anticipated to be short of buyer interest in the third quarter with some producers offering at the high side of the range for the period. Dry permeate supplies and price trends are somewhat firmer this week, possibly as a result of the limited availability of lactose. Production is mostly steady. Off grade lactose supplies are limited for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2400 - .3300 MOSTLY: .2500 - .3000

**CASEIN - NATIONAL**

Casein markets and prices remain generally steady. The milk production season in Oceania is basically finished, thus casein output has ceased. Oceania suppliers indicate that they are filling demand from inventoried stock and they feel that supplies will be in close balance, but sufficient. European production is just getting underway, although some producers indicate that output is lower than in recent years. Some producers have ceased operations totally while others have cut back. Milk production in Europe is near seasonal peak levels and appears to be lower than last year. On May 23, the Kansas City Commodity office issued solicitation #049 seeking bids for the sale of approximately 2,256,622 pounds of government owned NDM for the manufacture of industrial casein not for human consumption. Bids are due on Tuesday, May 30. The most recent sale (#046) in January was for 1 million pounds at \$.6500 per pound. Subsequent invitations #047 and #048 were rejected due to price.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.1000  
ACID: 3.0500 - 3.1500

**EVAPORATED MILK - NATIONAL -see adjacent column**

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 22 - 26, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 05/19/06	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	198,000	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	198,000	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	9,166,606	251,316	8,915,290	47,636,398	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	9,166,606	251,316	8,915,290	47,636,398	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 22 - 26, 2006 =	2.0	103.8	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	12.3	556.4	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - MAY 26, 2006 =	12.3	556.4	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 22- 26, 2006 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	8,697,035	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	218,255	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	198,000	-0-	1,364,259	1,331,567	17.3	4.2
WEST	-0-	-0-	-0-	-0-	43,649,408	29,415,099	78.0	92.4
EAST	-0-	-0-	-0-	-0-	2,622,731	1,070,603	4.7	3.4
<b>TOTAL</b>	-0-	-0-	198,000	-0-	47,636,398	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/06/06 & Comparable Week 2005

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2006-Dairy	N.A.	0.6	6.0	2.4	13.8	2.5	0.2	N.A.	12.8	1.5	40.8	826.2
2005-Dairy	N.A.	0.6	6.7	2.3	13.4	2.1	0.8	N.A.	11.5	2.3	40.6	856.6
2006-All cows	N.A.	0.6	7.2	10.6	26.0	16.3	12.4	N.A.	14.7	1.9	92.9	1,796.9
2005-All cows	N.A.	0.6	8.3	10.6	23.8	13.2	10.5	N.A.	13.3	4.3	87.1	1,752.8

**SOURCE:** The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22	10.97	10.75						
II	13.25	12.62	11.69	11.37								
III	13.39	12.20	11.11	10.93								
IV	12.20	11.10	10.68	10.36								

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfmos/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm)

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 15 - 26, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**WESTERN OVERVIEW:** Milk production continues to build in many regions of Western Europe, but milk handlers feel that the peak level may already be at hand. Although the season had a slow start, recent gains were significant, but overall milk volumes remain below last year at this time. Manufacturing schedules continue to reflect the increasing milk flow, but also are lower when compared to other years at this time. Cheese production continues to receive a significant portion of available milk with skim and whole milk powder production lower. Manufacturers are not overly concerned about lighter volumes of powder to clear, but traders are voicing their concerns. Most sales activity continues to center around an internal market with international sales slow. The Dairy Management Committee met on Wednesday due to the Thursday holiday. Common refunds for skim milk powder were reduced slightly to 30 Euros per metric ton (MT). Tender refunds remain unchanged, 70 euros for skim milk powder, 1090 for butter, and 1300 for butteroil. As of May 19, butter intervention offerings total 45,968 MT. This is getting very close to the maximum level of 50,000 MT. Due to this, accounting of the offerings will be on a daily basis until maximum levels are attained. Traders and handlers feel that maximum levels will be attained very soon and surely by the end of the month. Also, for the first time this open season, 1,130 MT of Irish skim milk powder has been offered.

**BUTTER/BUTTEROIL:** European butter markets remain weak with prices unchanged to lower. Intervention offerings are nearing the maximum 50,000 MT level. For the period of March 1 - May 19, nearly 46,000 MT of butter have been offered to intervention. This compared to about 24,000 MT last year at this time. Traders and handlers feel that maximum levels might be attained by week's end.

82% BUTTERFAT:	1,850 - 2,000
99% BUTTERFAT:	2,200 - 2,350

**SKIM MILK POWDER (SMP):** European skim milk powder markets are steady to firm. Production has been lower thus far this year, thus stocks are not as plentiful as is usually the case for this time of the season. Traders and handlers state that prices are firm due to lighter than desired stocks, although buyer interest is fair at best. Most current demand is centered around an internal, animal feed market. In recent days, 1,130 MT of skim milk powder have been offered to intervention from Ireland. This is the first offering during the current open season.

1.25% BUTTERFAT:	2,225 - 2,400
------------------	---------------

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are firm with prices unchanged to higher. Whole milk powder production thus far this season has not been as strong as in years past. Some traders are voicing their concerns about European sourced whole milk powder availability once international buyer interest resumes. At this point, they feel that there is limited uncommitted volume available for potential buyers. Although milk production is at or very near seasonal high levels, they do not foresee a significant turnaround in whole milk supplies.

26% BUTTERFAT:	2,175 - 2,300
----------------	---------------

**SWEET WHEY POWDER:** Whey powder markets are firm and prices have increased. Cheese production is seasonally strong and whey volumes are sufficient for domestic needs, but very limited for international buyers. International buyers continue to look to Europe for whey volumes but are finding supplies limited and prices often higher than desired. Most whey volumes are clearing through internal or domestic feed channels.

NONHYGROSCOPIC:	850 - 900
-----------------	-----------

**EASTERN OVERVIEW:** Cooler temperatures are once again being reported in Eastern Europe, although good pasture growth and steady production gains are occurring. Seasonal peak levels in Eastern Europe are about a month behind Western producers. Early reports indicate that some producers in this region are also realizing lower milk volumes than usual for this time of the year. Stocks of manufactured dairy products continue to build as sales activity, especially international sales, are slow.

Exchange rates for selected foreign currencies: May 22, 2006	
.8962 Canadian Dollar	.0220 Indian Rupee
.3256 Argentina Peso	.6222 New Zealand Dollar
.0889 Mexican Peso	.7532 Australian Dollar
.3340 Polish Zloty	.0090 Japanese Yen
	1.2869 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0889)=  
11.2486 Mexican Pesos. Source: "Wall Street Journal"

## OCEANIA

**OCEANIA OVERVIEW:** The milk production season continues to draw to a close in Oceania. The official season concluded at the end of May in New Zealand and a month later in Australia. With New Zealand's season about to close in a few days, milk producers and handlers feel that annual volumes will be running between 2 - 3% ahead of last season. In Australia, conditions are quite different. The season began strong, but is finishing on a less than favorable pace. Australian milk producers and handlers were quite surprised at the sharp decline in March milk production when compared to last year, but they also state that in March 2005, production was unseasonably strong. For the country as a whole, milk output in March 2006 was down 6.2% when compared to last March and is 0.7% down on last year on a cumulative basis. In Victoria, milk output for March was down 8.9% compared to last March and is 1.0% lower on a cumulative basis. Monthly output was down in all reporting regions except Tasmania. Official annual milk production figures need to be gathered for three more months (April - June), but most milk handlers are not overly optimistic about the balance of the year. Knowing what they have realized in April and the first half of May, they do not hold much hope for recovery for this time period to finish the year even with last season. Many are hopeful that cumulative figures will not drop below a 1.0% decline once all twelve months of data are assembled. As the milk production season comes to a close, milk handlers and manufacturers are adjusting production schedules to accommodate the declining milk flow. In New Zealand, operating manufacturing facilities are limited in number and most are basically closed for the season. Most milk at this time is being bottled for liquid milk needs. In Australia, manufacturing is declining, but remains more active. Some Australian manufacturers that can, are directing milk volumes toward butter/powder and away from cheese and whole milk powder. Traders and handlers state that they should have adequate stock to carry them through the winter months, but may need to secure some stock from pre-arranged outside sources before new supplies are generated. Suppliers and traders state that even though international buyer interest is slow, they basically do not have any surplus product available for spot or new buyer interest. Traders state that they have a pretty good idea what volume of product they will have available during the production season and have basically fully pre-sold this volume early on in the season with minimal volumes left at the end of the year.

**BUTTER:** Butter markets are weak with prices unchanged to lower. Oceania butter production is nearing seasonal low levels. For those manufacturers that can divert their milk volumes to products of best return, butter/powder production is getting the tilt. Manufacturers state that they can get the best return from the declining milk volume from butter, buttermilk, and skim powder at this time. Butter stocks are declining as new production is often not keeping pace with need, thus inventoried volumes are supplementing shortages. Demand continues to center around regular and ongoing customer needs.

82% BUTTERFAT:	1,600 - 1,850
----------------	---------------

**CHEDDAR CHEESE:** As with other manufactured dairy products, cheese markets are also steady to weak with prices unchanged to slightly lower within the reported range. For the most part, cheese production is finished for the season in Oceania. Some end of the season production continues to be reported in Australia, but for those that can, they are diverting milk away from the cheese side and directing it towards butter/powder. Stocks of cheese appear to be sufficient to carry exporters through the upcoming winter months and into the new year.

39% MAXIMUM MOISTURE:	2,550 - 2,800
-----------------------	---------------

**SKIM MILK POWDER (SMP):** Skim milk powder prices are basically unchanged, although the market tone is unsettled and weak. Late season production appears to be occurring as milk is being directed toward butter/powder when possible. Traders and handlers indicate that stocks are fully committed. Some traders state that they may have to reach to outside, pre-arranged sources, to fulfill their contract commitments before new production resumes.

1.25% BUTTERFAT:	2,050 - 2,100
------------------	---------------

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady at unchanged prices, although a weak undertone is developing. Many traders and handlers state that a weak trend at this time will probably set the level of pricing for the start of the new year. At this time last year, prices were about \$100 - 150 per metric ton higher. Traders and handlers feel that stocks should be sufficient during the upcoming winter months before new production becomes available. Most indicate that they are fully committed and will not have surplus stock to offer on a spot basis.

26% BUTTERFAT:	2,050 - 2,150
----------------	---------------



**CHICAGO MERCANTILE EXCHANGE FUTURES**Selected settling prices, (open interest), and volume 1/

Month	05/10	05/11	05/12	05/15	05/16	05/17	05/18	05/19	05/22	05/23
<b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>										
MAY 06	10.75 (3097) 114	10.76 (3094) 48	10.80 (3086) 37	10.77 (3065) 25	10.80 (3064) 4	10.85 (3058) 8	10.85 (3055) 99	10.82 (3034) 1	10.82 (3034) 1	10.82 (3038) 6
JUN 06	10.82 (3290) 48	10.85 (3314) 46	10.91 (3327) 57	11.17 (3317) 73	11.22 (3312) 116	11.29 (3273) 105	11.10 (3293) 122	11.12 (3287) 82	11.14 (3318) 70	11.20 (3298) 38
JUL 06	11.18 (3445) 26	11.20 (3434) 42	11.26 (3449) 49	11.50 (3413) 56	11.50 (3425) 144	11.59 (3391) 88	11.50 (3396) 125	11.45 (3403) 121	11.50 (3392) 20	11.75 (3395) 104
AUG 06	11.48 (3716) 102	11.49 (3805) 282	11.52 (3818) 76	11.70 (3926) 176	11.79 (3932) 127	11.85 (3904) 96	11.67 (3872) 191	11.67 (3871) 89	11.72 (3857) 23	12.00 (3915) 134
SEP 06	11.84 (3480) 4	11.87 (3518) 103	11.90 (3555) 178	12.13 (3597) 146	12.17 (3664) 131	12.22 (3641) 101	12.15 (3601) 139	12.09 (3581) 80	12.14 (3608) 55	12.34 (3710) 155
OCT 06	11.88 (3130) 7	11.93 (3145) 54	11.97 (3217) 199	12.13 (3244) 127	12.13 (3321) 110	12.19 (3314) 49	12.15 (3304) 73	12.11 (3272) 30	12.14 (3275) 4	12.34 (3358) 112
NOV 06	11.65 (2895) 3	11.70 (2888) 18	11.76 (2858) 88	12.01 (2859) 123	12.09 (2889) 128	12.15 (2877) 104	12.10 (2869) 84	12.05 (2861) 27	12.10 (2859) 6	12.35 (2896) 54
DEC 06	11.62 (2692) 0	11.65 (2692) 13	11.66 (2690) 82	11.92 (2667) 45	11.87 (2654) 62	11.89 (2655) 84	11.99 (2655) 64	11.92 (2660) 8	11.95 (2645) 11	12.16 (2676) 43
JAN 07	11.75 (685) 15	11.79 (695) 12	11.90 (692) 39	12.00 (699) 63	11.99 (738) 42	11.97 (763) 68	11.94 (766) 27	11.96 (774) 11	11.98 (769) 2	12.19 (800) 40
FEB 07	11.77 (639) 14	11.78 (642) 7	11.80 (650) 26	11.90 (655) 21	11.88 (669) 26	11.88 (679) 55	11.86 (682) 14	11.89 (689) 15	11.91 (685) 2	12.02 (717) 52
MAR 07	11.75 (690) 21	11.80 (693) 3	11.85 (712) 36	11.90 (724) 30	11.90 (730) 25	11.90 (729) 43	11.90 (738) 17	11.93 (739) 7	11.96 (748) 12	12.05 (756) 42
APR 07	11.95 (475) 14	11.95 (475) 0	11.95 (485) 25	12.11 (508) 45	12.09 (521) 21	12.05 (511) 25	12.05 (519) 11	12.03 (531) 12	12.05 (537) 6	12.19 (566) 31
MAY 07	11.98 (459) 19	11.99 (470) 11	11.99 (480) 31	12.10 (501) 37	12.08 (510) 17	12.08 (493) 27	12.10 (502) 13	12.10 (509) 17	12.10 (515) 7	12.13 (538) 24
JUN 07	12.15 (420) 16	12.18 (424) 8	12.18 (431) 22	12.26 (458) 45	12.25 (467) 16	12.25 (446) 26	12.25 (454) 10	12.25 (463) 15	12.25 (471) 8	12.33 (503) 33
JUL 07	12.40 (329) 42	12.40 (336) 7	12.40 (354) 38	12.57 (366) 21	12.57 (369) 4	12.57 (353) 22	12.58 (352) 7	12.58 (356) 27	12.58 (357) 1	12.63 (362) 7
<b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>										
MAY 06	10.70 (1) 0	10.70 (1) 0	10.65 (1) 0	10.65 (1) 0	10.65 (1) 0	10.65 (1) 0	10.65 (1) 0	10.65 (1) 0	10.49 (1) 0	10.49 (1) 0
JUN 06	10.70 (6) 0	10.70 (6) 0	10.70 (6) 0	10.70 (6) 0	10.70 (6) 0	10.70 (6) 0	10.70 (6) 0	10.70 (6) 0	10.70 (6) 0	10.70 (6) 0
JUL 06	11.10 (10) 0	11.10 (10) 0	11.10 (10) 0	11.10 (10) 0	11.10 (10) 0	11.10 (10) 0	11.10 (10) 0	11.10 (10) 0	11.10 (10) 0	11.00 (10) 0
<b>CME - PRODUCT SETTLED BUTTER FUTURES (Pit-Traded)</b>										
MAY 06	117.00 (46) 0	118.00 (31) 2	117.25 (23) 3	117.25 (23) 0	117.50 (23) 4	117.50 (21) 2	117.50 (21) 0	117.50 (21) 0	117.50 (21) 0	117.50 (21) 0
JUL 06	120.25 (371) 0	120.25 (371) 0	120.25 (371) 0	120.25 (371) 0	120.25 (371) 0	120.25 (373) 2	120.25 (373) 0	119.75 (373) 2	119.75 (373) 0	119.75 (373) 0
SEP 06	123.50 (359) 1	124.00 (356) 2	123.75 (349) 26	124.00 (351) 2	124.00 (351) 0	124.00 (351) 0	124.00 (351) 0	122.75 (351) 2	122.75 (351) 0	122.75 (351) 0
OCT 06	124.50 (193) 1	124.50 (192) 2	124.50 (208) 28	124.25 (210) 2	124.25 (210) 0	124.25 (210) 0	124.25 (210) 0	124.00 (210) 2	123.25 (211) 4	123.50 (211) 0
<b>CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b>										
MAY 06	117.75 (470) 0	117.50 (470) 0	117.00 (468) 3	117.25 (468) 11	117.00 (456) 17	117.00 (443) 0	117.00 (411) 17	116.50 (411) 6	116.50 (397) 0	116.50 (397) 0
JUN 06	118.00 (534) 1	118.00 (534) 0	118.00 (534) 3	118.03 (537) 10	118.03 (537) 0	118.50 (529) 3	118.50 (515) 15	118.50 (515) 0	118.25 (515) 11	118.00 (504) 0
JUL 06	120.75 (604) 10	120.50 (607) 9	121.00 (612) 8	121.50 (620) 11	121.50 (620) 6	121.50 (620) 13	121.50 (585) 8	121.25 (589) 4	120.50 (593) 6	121.00 (595) 6

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.

## MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

## U.S. HOLDINGS OF DAIRY PRODUCTS

COMMODITY	MAR 31, 2004	MAR 31, 2005	REVISED MAR 31, 2006	APR 30, 2004	APR 30, 2005	APR 30, 2006
Butter	158,118	132,436	170,257	155,718	164,501	197,439
Cheese, Natural American	520,803	527,275	564,151	526,389	553,814	571,531
Cheese, Swiss	23,277	22,512	30,168	26,910	21,677	32,926
Cheese, Other Natural	215,466	199,441	204,837	214,269	205,318	210,416
Total Cheese	759,546	749,228	799,156	767,568	780,809	814,873

## U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS

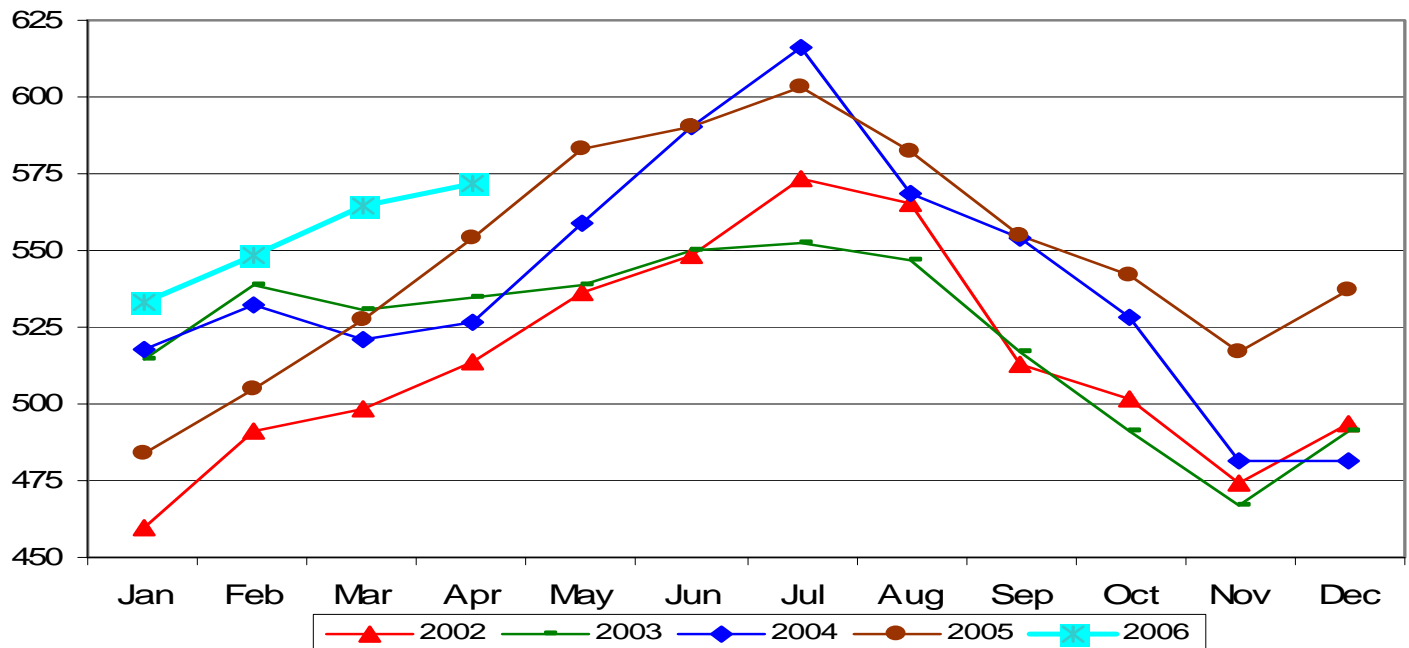
Butter	602	276	135	400	193	114
Natural American Cheese	9,615	1,504	279	9,691	1,927	267

## APRIL STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
New England	24,490	27,667	36,476	---	---	---	381	268	35
Middle Atlantic	54,318	52,544	54,206	---	---	---	16,642	11,364	9,003
East North Central	207,394	219,838	213,397	---	---	---	125,766	119,744	128,013
West North Central	113,133	129,945	125,386	---	---	---	52,692	53,467	55,192
South Atlantic	7,027	3,605	4,458	---	---	---	207	95	110
East South Central	195	116	403	---	---	---	2,458	2,486	2,611
West South Central	2,173	2,142	3,585	---	---	---	132	134	1,045
Mountain	25,848	33,942	37,209	---	---	---	3,774	6,491	776
Pacific	91,811	84,015	96,411	---	---	---	12,217	11,269	13,631
TOTAL	526,389	553,814	571,531	155,718	164,501	197,439	214,269	205,318	204,416

\*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

## MILLION POUNDS AMERICAN CHEESE COLD STORAGE



## COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2005 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	Million Pounds						Million Pounds						Million Pounds					
January	110	77	110	77	<u>3/</u>	<u>3/</u>	533	484	533	480	<u>3/</u>	4	179	440	114	83	65	357
February	149	111	148	111	<u>3/</u>	<u>3/</u>	549	505	548	502	<u>3/</u>	3	175	374	119	79	55	296
March	170	132	170	132	<u>3/</u>	<u>3/</u>	564	527	564	526	<u>3/</u>	2	156	321	126	84	30	236
April	197	165	197	164	<u>3/</u>	<u>3/</u>	572	554	571	552	<u>3/</u>	2		276		108		168
May		178		178	<u>3/</u>	<u>3/</u>		583		582		1		259		113		147
June		180		179	<u>3/</u>	<u>3/</u>		590		590		<u>3/</u>		NA		116		NA
July		177		177	<u>3/</u>	<u>3/</u>		603		603		1		235		120		116
August		149		149	<u>3/</u>	<u>3/</u>		582		581		1		177		110		67
September		124		124	<u>3/</u>	<u>3/</u>		555		554		1		182		95		87
October		98		98	<u>3/</u>	<u>3/</u>		542		541		1		163		89		74
November		60		60	<u>3/</u>	<u>3/</u>		517		516		1		159		89		70
December		59		59	<u>3/</u>	<u>3/</u>		537		537		<u>3/</u>		183		114		69

NA = Not available.

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Mar 31, 2004	Mar 31, 2005	Mar 31, 2006	Apr 30, 2004	Apr 30, 2005	Apr 30, 2006
	Thousand Pounds					
Butter	157,516	132,160	170,122	155,318	164,308	197,325
Natural American Cheese	511,188	525,771	563,872	516,698	551,887	571,264

1/ Total holdings minus Government owned holdings. For more information, see page 11 of this report.

**SOURCE:** "Cold Storage," Co St 1 (5-06) and "Dairy Products," Da 2-6 (5-06), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

## THE DAIRY OUTLOOK

### Milk Production Continues To Expand in 2007, but Prices Will be Sharply Lower in 2006

USDA forecasts 2007 milk production at 183.1 billion pounds, up from 182 billion pounds projected for 2006. Production in 2006 is expected to be 2.8 percent higher than 2005's outturn. Production will rise because both cow population and output per animal are expected to continue to rise in both 2006 and 2007. A decline in cow numbers is not expected until the second half of 2007 and then the decline will be a scant 0.3 percent. Quarterly milk output per cow is expected to continue a modest upward movement based on quarter-to-quarter comparisons.

The milk feed price ratio is pegged between 2.5 and 3.0. This should signal the end of expansion but is not low enough to trigger a major liquidation. Cow numbers will likely expand through the second quarter of 2006, hold steady in the third quarter, and then begin a decline that will continue through 2007. The delay is predicated on the notion that most producers make their "keep or cull" decisions in the late summer. Lower year-over-year heifer prices this spring may indicate a weakening demand for replacements and could lead to more culling by summer's end. Expected higher feed prices in the upcoming crop year and continued declines in milk prices throughout 2006 could provide an incentive for smaller operators to exit. However, exit decisions will likely be delayed until later in the season when Milk Income Loss Contract Program payments are assured.

Commercial use on a fat basis is expected to total 185.2 billion pounds in 2006 compared with 179.7 in 2005. On a skim solids basis, commercial use is projected to reach 184.4 billion pounds, up from 180.7 in 2005. A strong domestic macroeconomic outlook and substantially lower prices in 2006 for cheese, butter, and nonfat dry milk (NDM) are the basis for a stronger demand outlook for the season. Commercial use for NDM will likely be supported by exports of NDM. Robust demand in Asia, a weaker U.S. dollar, lower U.S. prices, and continued tight exporter supplies form the basis for an optimistic forecast.

The decline in the all milk price that began in early 2005 will continue this year. The all milk price is expected to average between \$12.35 and \$12.85 a cwt for 2006, down from \$15.14 in 2005. Prices for cheese, butter and NDM are also expected to decline in 2006. Prices for Class IV milk will mirror the expected decline in butter and NDM prices. Class IV prices will likely average between \$10.45 and \$11.05 in 2006 compared with an average of \$12.87 in 2005. Although offset by slightly higher whey prices, lower cheese prices are expected to result in the Class III price averaging \$11.25-\$11.75 per cwt compared with \$14.05 in 2005.

**SOURCE:** "Livestock, Dairy, and Poultry Outlook", LDP-M-143, May 18, 2006, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.



## FEDERAL MILK ORDER ADVANCE PRICES, JUNE

**Class I Base Price** - Under the Federal milk order pricing system, the Class I base price for June 2006 is \$10.75 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$6.57 and the advanced butterfat pricing factor of \$1.2610. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month** - Compared to May 2006, the Class I base price decreased \$0.22 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), - \$0.23 per cwt., -\$0.020 per gallon; reduced fat milk (2%), - \$0.27 per cwt., - \$0.023 per gallon; fat-free (skim milk), -\$0.31 per cwt., -\$0.027 per gallon. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$6.16. Thus, the Class II skim milk price for June is \$6.86 per cwt., and the Class II nonfat solids price is \$0.7622. **Product Price Averages** - The two-week product price averages for June are: butter \$1.1658, nonfat dry milk \$0.8309, cheese \$1.1602, and dry whey \$0.2811.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/</u> <u>2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	June 2006		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		<u>\$ per cwt.</u>	<u>\$ per cwt.</u>	<u>\$ per pound</u>
Northeast (Boston) <u>4/</u>	001	14.00	9.82	1.2935
Appalachian (Charlotte) <u>5/</u>	005	13.85	9.67	1.2920
Southeast (Atlanta) <u>6/</u>	007	13.85	9.67	1.2920
Florida (Tampa) <u>7/</u>	006	14.75	10.57	1.3010
Mideast (Cleveland) <u>8/</u>	033	12.75	8.57	1.2810
Upper Midwest (Chicago) <u>9/</u>	030	12.55	8.37	1.2790
Central (Kansas City) <u>10/</u>	032	12.75	8.57	1.2810
Southwest (Dallas) <u>11/</u>	126	13.75	9.57	1.2910
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	13.10	8.92	1.2845
Pacific Northwest (Seattle) <u>13/</u>	124	12.65	8.47	1.2800
All-Market Average		13.40	9.22	1.2875

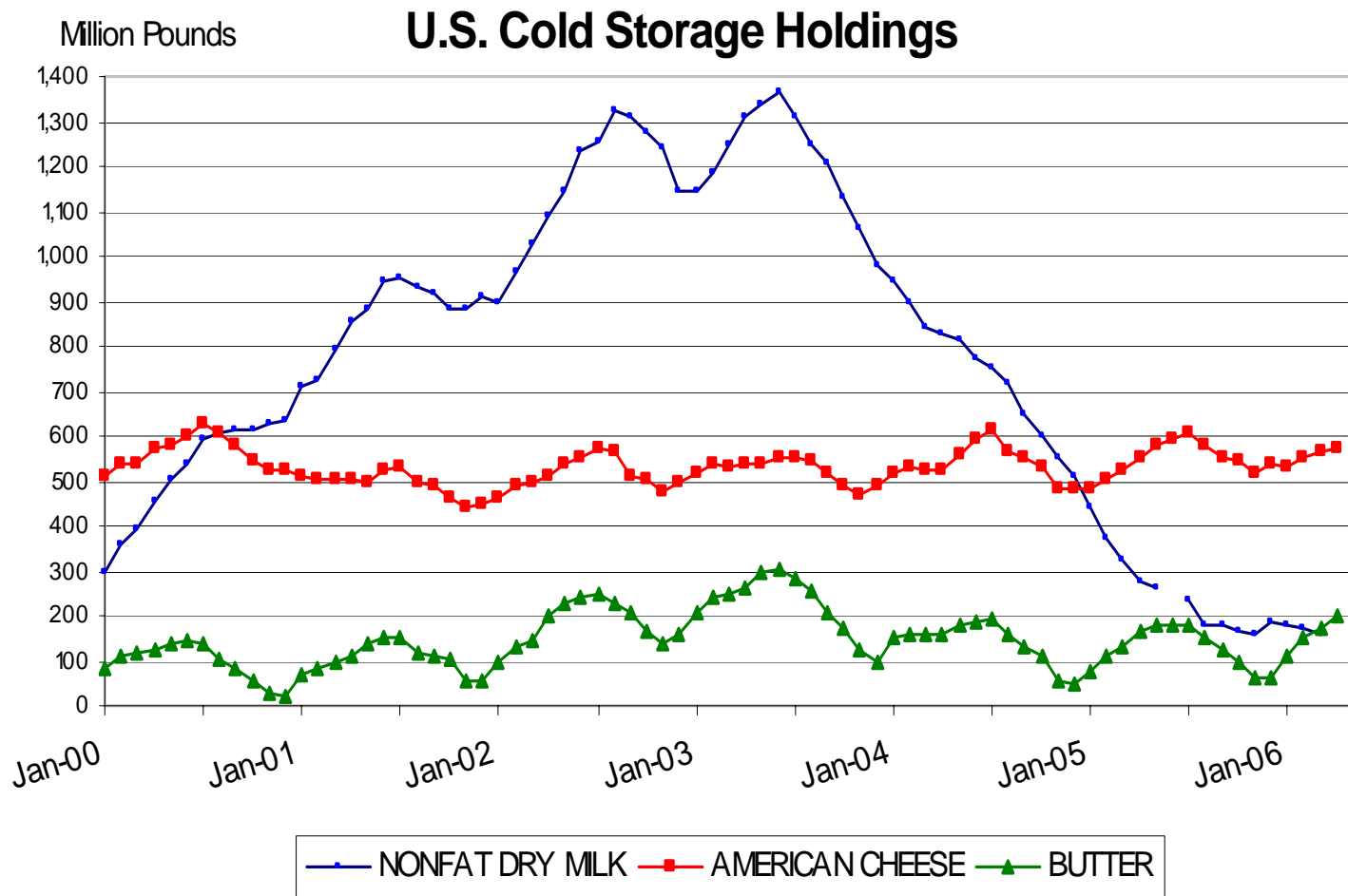
1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. 10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I prices at other cities are: Portland, same; and Spokane, same.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK  
ORDERS, JUNE 2006, WITH COMPARISONS 1/**

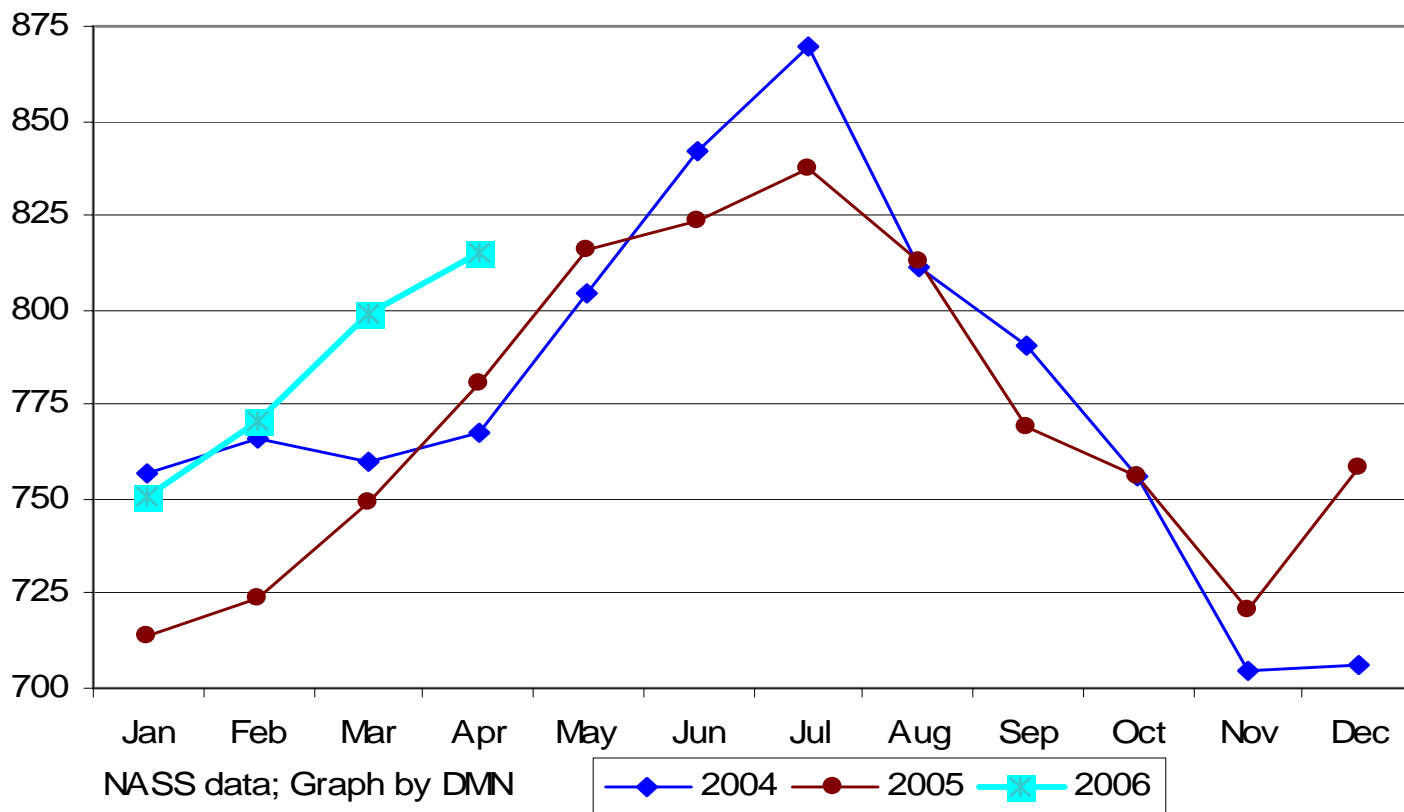
For June 2006, the all-city average announced cooperative Class I price was \$15.18 per cwt., \$1.90 higher than the Federal milk order (FMO) Class I price average for these cities, a new record high difference. The June cooperative Class I price was \$.18 lower than the May price, while the Federal order Class I price was \$.22 lower. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.64 in Miami, FL. For June 2005, the all-city average announced cooperative Class I price was \$17.70, \$1.55 higher than the Federal order Class I price average for these cities.

City	June 2006		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	16.52	13.85	2.67
Baltimore, MD	15.55	13.75	1.80
Boston, MA	15.50	14.00	1.50
Charlotte, NC	16.52	13.85	2.67
Chicago, IL	14.86	12.55	2.31
Cincinnati, OH	14.83	12.95	1.88
Cleveland, OH	14.63	12.75	1.88
Dallas, TX	15.65	13.75	1.90
Denver, CO	14.15	13.30	0.85
Des Moines, IA	14.33	12.55	1.78
Detroit, MI	14.42	12.55	1.87
Hartford, CT	15.40	13.90	1.50
Houston, TX	16.25	14.35	1.90
Indianapolis, IN	14.63	12.75	1.88
Kansas City, MO	14.52	12.75	1.77
Louisville, KY	15.62	12.95	2.67
Memphis, TN	16.02	13.55	2.47
Miami, FL	18.69	15.05	3.64
Milwaukee, WI	14.81	12.50	2.31
Minneapolis, MN	14.21	12.45	1.76
New Orleans, LA	16.82	14.35	2.47
Oklahoma City, OK	15.15	13.35	1.80
Omaha, NE	14.08	12.60	1.48
Philadelphia, PA	15.99	13.80	2.19
Phoenix, AZ	13.25	13.10	0.15
Pittsburgh, PA	15.19	12.85	2.34
St. Louis, MO	14.42	12.75	1.67
Seattle, WA	13.07	12.65	0.42
Springfield, MO	14.75	12.95	1.80
Washington, DC	15.55	13.75	1.80
Simple Average	15.18	13.28	1.90

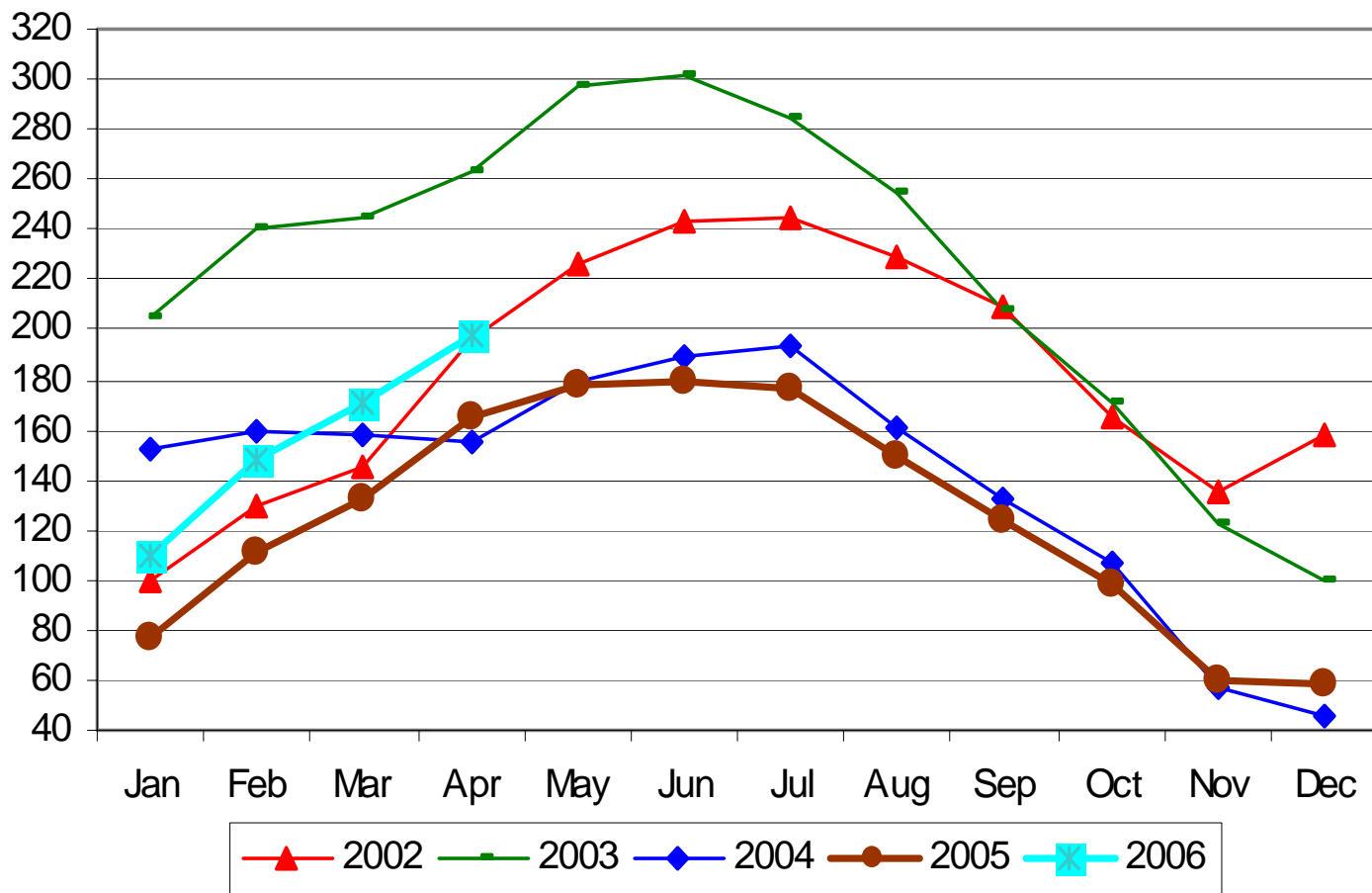
1/ This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.



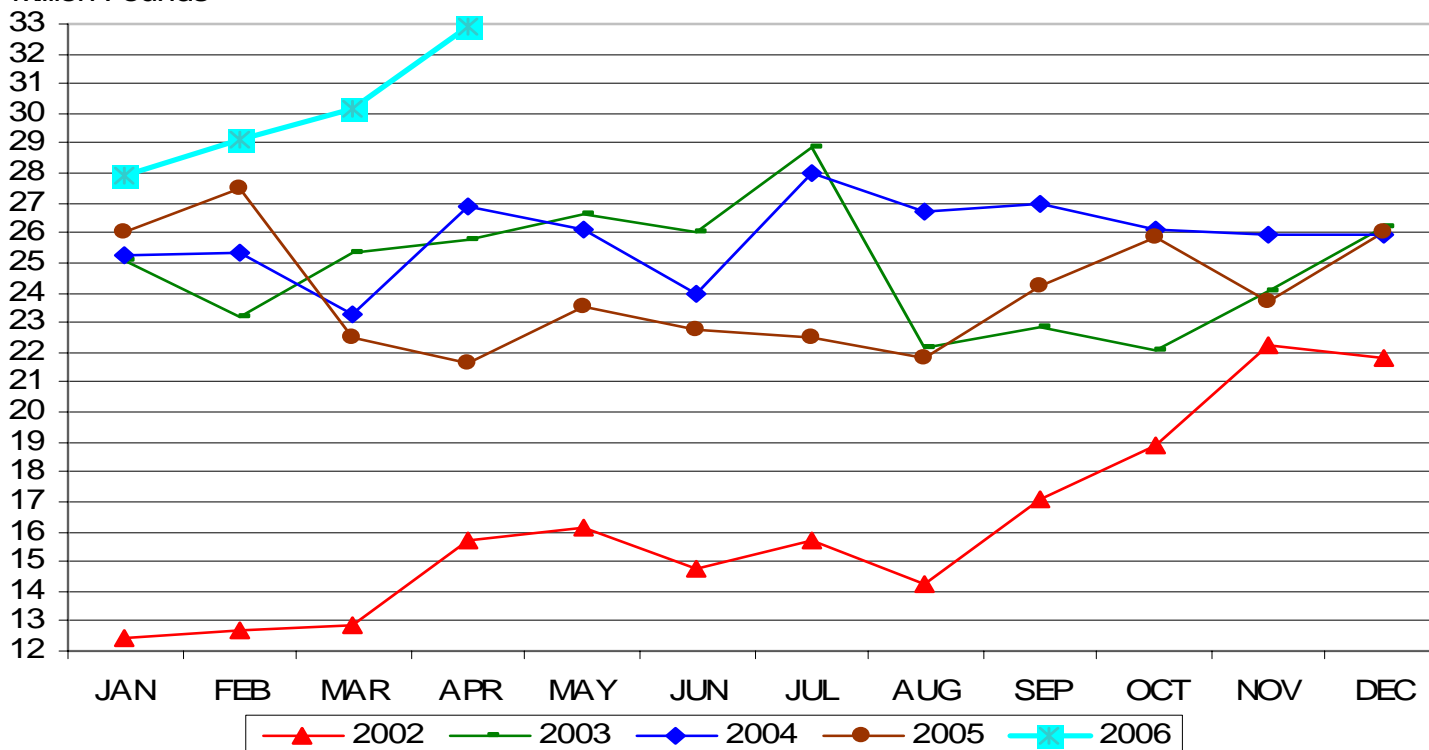
### MILLION POUNDS TOTAL CHEESE COLD STORAGE HOLDINGS



Million Pounds

**Butter Cold Storage Holdings****U.S. SWISS CHEESE COLD STORAGE HOLDINGS**

Million Pounds





# DAIRY MARKET NEWS

---

## GENERAL NUMBER

Elizabeth Frederick  
(608) 250-3200  
Elizabeth.Frederick@USDA.GOV

VOLUME: 73

REPORT: 21

DATE: 05/26/06

## NORTHEAST/SOUTHEAST

Alan Wagner  
(608) 250-3207  
Alan.Wagner@USDA.GOV

## INTERNATIONAL

Steven Schneeberger  
(608) 250-3204  
Steven.Schneeberger@USDA.GOV

## CENTRAL

George Koerner  
(608) 250-3205  
George.Koerner@USDA.GOV

## INTERNET ADDRESS

WWW.AMS.USDA.GOV/DAIRY/MNCS/INDEX.HTM

## RECORDED INFORMATION SYSTEM

(608) 250-3208

## FAX

(608) 250-3216

## SOUTHWEST

Lester "Butch" Speth  
(608) 250-3202  
Butch.Speth@USDA.GOV

USDA, Dairy Market News  
122 E Olin Ave Ste 290  
Madison, WI 53713-1487

## NORTHWEST/MOUNTAIN

Donald Nelson  
National Supervisor  
(608) 250-3206  
DonaldO.Nelson@USDA.GOV

---

U.S. DEPARTMENT OF AGRICULTURE - AGRICULTURAL MARKETING SERVICE - DAIRY PROGRAMS

---